

# **Tax Measures:** Supplementary Information

Tabled in the House of Commons  
by the Honourable  
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Minister of Finance

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The excise duty rates for other tobacco products will also be adjusted accordingly. Budget 2017 proposes a corresponding increase in the excise duty rate on tobacco sticks from \$0.10515 to \$0.10780 per stick (i.e., from \$21.03 to \$21.56 per 200 tobacco sticks), and on manufactured tobacco (e.g., chewing tobacco or fine-cut tobacco for use in roll-your-own cigarettes) from \$6.57188 to \$6.73750 per 50 grams or fraction thereof (i.e., from approximately \$26.29 to \$26.95 per 200 grams). The excise duty rate on cigars is proposed to increase from \$22.88559 to \$23.46235 per 1,000 cigars, and the additional duty on cigars from the greater of \$0.08226 per cigar and 82 per cent of the sale price or duty-paid value to the greater of \$0.08434 per cigar and 84 per cent of the sale price or duty-paid value.

These measures will be effective as of the day after Budget Day. A corporation with a taxation year that includes Budget Day and ends after Budget Day will be required to prorate the surtax on its Canadian tobacco manufacturing profits based on the number of days in the taxation year that are on or before Budget Day.

## ALCOHOL TAXATION

The *Excise Act* and the *Excise Act, 2001* impose excise duties on alcohol products, namely beer, spirits and wine. The duties are generally imposed at the time of production or packaging on a fixed-amount-per-unit basis, and are generally payable by manufacturers or excise warehouse licensees when the products enter into the duty-paid market. In the case of imported alcohol products, the duties may be payable under the *Customs Tariff* at the time of importation by the importer. The alcohol excise duty rates were effectively last adjusted in the mid-1980s.

Budget 2017 proposes that excise duty rates on alcohol products be increased by 2 per cent effective the day after Budget Day, in respect of duty that becomes payable after that date. No special inventory tax will apply to alcohol products on which duty has been paid. In order to maintain their effectiveness, it is also proposed that the rates be automatically adjusted by the Consumer Price Index on April 1 of every year, starting in 2018.

Table 3 provides further information on selected proposed alcohol excise duty rates.

Table 3  
**Alcohol Excise Duty Rate Structure**

Products	Current Excise Duty Rates	Proposed Excise Duty Rates after Budget Day
<b>Spirits containing (in absolute ethyl alcohol (AEA) by volume)</b>		
More than 7 per cent	\$11.696 per litre of AEA	\$11.930 per litre of AEA
Not more than 7 per cent	\$0.295 per litre	\$0.301 per litre
<b>Wine containing (in AEA by volume)</b>		
More than 7 per cent	\$0.62 per litre	\$0.63 per litre
More than 1.2 per cent but not more than 7 per cent	\$0.295 per litre	\$0.301 per litre
Not more than 1.2 per cent	\$0.0205 per litre	\$0.0209 per litre
<b>Beer containing<sup>1</sup> (in AEA by volume)</b>		
More than 2.5 per cent	\$31.22 per hectolitre <sup>2</sup>	\$31.84 per hectolitre
More than 1.2 per cent but not more than 2.5 per cent	\$15.61 per hectolitre	\$15.92 per hectolitre
Not more than 1.2 per cent	\$2.591 per hectolitre	\$2.643 per hectolitre

<sup>1</sup> Reduced rates for Canadian beer will also be adjusted.

<sup>2</sup> 1 hectolitre equals 100 litres.

## OTHER MEASURES

### ABORIGINAL TAX POLICY

In successive budgets since 1997, the Government of Canada has expressed its willingness to put into effect taxation arrangements with interested Aboriginal governments. To date, the Government of Canada has entered into more than 50 taxation arrangements in respect of sales tax and personal income tax with Aboriginal governments. The Government of Canada confirms its willingness to discuss and put into effect direct taxation arrangements with interested Aboriginal governments.

The Government of Canada also supports direct taxation arrangements between interested provinces or territories and Aboriginal governments and will continue to facilitate such arrangements.

# Notice of Ways and Means Motion to Amend the Excise Act and the Excise Act, 2001

That it is expedient to amend the *Excise Act* and the *Excise Act, 2001* as follows:

## Tobacco and Alcohol Taxation

Excise Act

**1 (1) The *Excise Act* is amended by adding the following after section 170.1:**

### Definition of *inflationary adjusted year*

**170.2 (1)** In this section, *inflationary adjusted year* means 2018 and every year after that year.

### Annual adjustments

**(2)** Each rate of duty set out in Part II of the schedule applicable in respect of a hectolitre of beer or malt liquor is to be adjusted on April 1 of an inflationary adjusted year so that the rate is equal to the greater of

(a) the rate determined by the formula

$$A \times B$$

where

**A** is the rate of duty applicable to the hectolitre on March 31 of the inflationary adjusted year, and

**B** is the amount, rounded to the nearest one-thousandth, or, if the amount is equidistant from two consecutive one-thousandths, rounded to the higher one-thousandth, determined by the formula

$$C/D$$

where

**C** is the Consumer Price Index for the 12-month period ending on September 30 of the particular year preceding the inflationary adjusted year, and

**D** is the Consumer Price Index for the 12-month period ending on September 30 of the year preceding the particular year; and

(b) the rate of duty referred to in the description of A in paragraph (a).

### Rounding

**(3)** The adjusted rate determined under subsection (2) is to be rounded

(a) in the case of the rates set out in sections 1 and 2 of Part II of the schedule, to the nearest one-hundredth or, if the adjusted rate is equidistant from two consecutive one-hundredths, to the higher one-hundredth; and

(b) in the case of the rates set out in section 3 of Part II of the schedule, to the nearest one-thousandth or, if the adjusted rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

### Consumer Price Index

**(4)** In this section, the Consumer Price Index for any 12-month period is the result arrived at by

- (a) aggregating the Consumer Price Index for Canada, as published by Statistics Canada under the authority of the *Statistics Act*, for each month in that period;
- (b) dividing the aggregate obtained under paragraph (a) by 12; and
- (c) rounding the result obtained under paragraph (b) to the nearest one-thousandth or, if the result obtained is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**2 (1) The schedule to the Act is amended by replacing the references after the heading “SCHEDULE” with the following:**

(Sections 135, 170, 170.1, 170.2, 185 and 200)

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**3 (1) Parts II and II.1 of the schedule to the Act are replaced by the following:**

## II. Beer

- 1** Per hectolitre of beer or malt liquor containing more than 2.5% absolute ethyl alcohol by volume:
  - (a) \$31.84; or
  - (b) if the rate referred to in paragraph (a) has been adjusted under subsection 170.2(2), the adjusted rate.
- 2** Per hectolitre of beer or malt liquor containing more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume:
  - (a) \$15.92; or
  - (b) if the rate referred to in paragraph (a) has been adjusted under subsection 170.2(2), the adjusted rate.
- 3** Per hectolitre of beer or malt liquor containing not more than 1.2% absolute ethyl alcohol by volume:
  - (a) \$2.643; or
  - (b) if the rate referred to in paragraph (a) has been adjusted under subsection 170.2(2), the adjusted rate.

### II.1 Canadian Beer

- 1** Per hectolitre of the first 2,000 hectolitres of beer and malt liquor brewed in Canada:
  - (a) if it contains more than 2.5% absolute ethyl alcohol by volume, 10% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 1 of Part II;
  - (b) if it contains more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume, 10% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 2 of Part II; and
  - (c) if it contains not more than 1.2% absolute ethyl alcohol by volume, 10% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 3 of Part II.
- 2** Per hectolitre of the next 3,000 hectolitres of beer and malt liquor brewed in Canada:
  - (a) if it contains more than 2.5% absolute ethyl alcohol by volume, 20% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 1 of Part II;
  - (b) if it contains more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume, 20% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 2 of Part II; and
  - (c) if it contains not more than 1.2% absolute ethyl alcohol by volume, 20% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 3 of Part II.
- 3** Per hectolitre of the next 10,000 hectolitres of beer and malt liquor brewed in Canada:

- (a) if it contains more than 2.5% absolute ethyl alcohol by volume, 40% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 1 of Part II;
  - (b) if it contains more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume, 40% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 2 of Part II; and
  - (c) if it contains not more than 1.2% absolute ethyl alcohol by volume, 40% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 3 of Part II.
- 4 Per hectolitre of the next 35,000 hectolitres of beer and malt liquor brewed in Canada:
- (a) if it contains more than 2.5% absolute ethyl alcohol by volume, 70% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 1 of Part II;
  - (b) if it contains more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume, 70% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 2 of Part II; and
  - (c) if it contains not more than 1.2% absolute ethyl alcohol by volume, 70% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 3 of Part II.
- 5 Per hectolitre of the next 25,000 hectolitres of beer and malt liquor brewed in Canada:
- (a) if it contains more than 2.5% absolute ethyl alcohol by volume, 85% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 1 of Part II;
  - (b) if it contains more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume, 85% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 2 of Part II; and
  - (c) if it contains not more than 1.2% absolute ethyl alcohol by volume, 85% of the rate of duty applicable to a hectolitre of beer or malt liquor under section 3 of Part II.
- 6 The rates determined under section 5 are to be rounded
- (a) in the case of a rate determined under paragraph 5(a) or (b), to the nearest one-thousandth or, if the rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth; and
  - (b) in the case of a rate determined under paragraph 5(c), to the nearest ten-thousandth or, if the rate is equidistant from two consecutive ten-thousandths, to the higher ten-thousandth.

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

Excise Act, 2001

**4 (1) Paragraph (a) of the definition *adjustment day* in section 58.1 of the *Excise Act, 2001* is replaced by the following:**

- (a) the day after Budget Day; or

**(2) The portion of the definition *taxed cigarettes* in section 58.1 of the Act before paragraph (a) is replaced by the following:**

*taxed cigarettes* of a person means cigarettes in respect of which duty has been imposed under section 42 before the day after Budget Day at the rate set out in paragraph 1(a) of Schedule 1, as it read on Budget Day, and that, at the beginning of the day after Budget Day,

**(3) The portion of the definition *taxed cigarettes* in section 58.1 of the Act before paragraph (a), as enacted by subsection (2), is replaced by the following:**

*taxed cigarettes* of a person means cigarettes in respect of which duty has been imposed under section 42 or 53 at the rate applicable on the day before an adjustment day other than the day after Budget Day, and that, at the beginning of the adjustment day,

**(4) Subsections (1) and (2) are deemed to have come into force on the day after Budget Day.**

**(5) Subsection (3) comes into force on November 30, 2019.**

**5 (1) Subsection 58.2(1) of the Act is replaced by the following:**

**Imposition of tax — 2017 increase**

**58.2 (1)** Subject to section 58.3, every person shall pay to Her Majesty a tax on all taxed cigarettes of the person held at the beginning of the day after Budget Day at the rate of \$0.00265 per cigarette.

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**6 (1) Paragraph 58.5(1)(a) of the Act is replaced by the following:**

(a) in the case of the tax imposed under subsection 58.2(1), May 31, 2017; or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**7 (1) Paragraph 58.6(1)(a) of the Act is replaced by the following:**

(a) in the case of the tax imposed under subsection 58.2(1), May 31, 2017; or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**8 (1) The Act is amended by adding the following after section 123:**

**Definitions**

**123.1 (1)** The following definitions apply in this section.

***inflationary adjusted year*** means 2018 and every year after that year. (*année inflationniste*)

***reference year*** means a 12-month period that begins on April 1 of a year and ends on March 31 of the following year. (*année de référence*)

**Annual adjustments**

**(2)** Each rate of duty set out in Schedule 4 applicable in respect of a litre of absolute ethyl alcohol or in respect of a litre of spirits is to be adjusted on April 1 of an inflationary adjusted year so that the rate is equal to the greater of

(a) the rate determined by the formula

$$A \times B$$

where

**A** is the rate of duty applicable to the litre of absolute ethyl alcohol or the litre of spirits, as the case may be, on March 31 of the inflationary adjusted year, and

**B** is the amount, rounded to the nearest one-thousandth, or, if the amount is equidistant from two consecutive one-thousandths, rounded to the higher one-thousandth, determined by the formula

$$C/D$$

where

**C** is the Consumer Price Index for the 12-month period ending on September 30 of the particular year preceding the inflationary adjusted year, and

**D** is the Consumer Price Index for the 12-month period ending on September 30 of the year preceding the particular year; and

(b) the rate of duty referred to in the description of A in paragraph (a).

### **Rounding**

(3) The adjusted rate determined under subsection (2) is to be rounded to the nearest one-thousandth or, if the adjusted rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

### **Consumer Price Index**

(4) In this section, the Consumer Price Index for any 12-month period is the result arrived at by

(a) aggregating the Consumer Price Index for Canada, as published by Statistics Canada under the authority of the *Statistics Act*, for each month in that period;

(b) dividing the aggregate obtained under paragraph (a) by 12; and

(c) rounding the result obtained under paragraph (b) to the nearest one-thousandth or, if the result obtained is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

### **Application of adjusted rate**

(5) If duties on spirits are imposed in a reference year but become payable in another reference year that begins in an inflationary adjusted year, those duties are determined at the rate of duty as adjusted under subsection (2) on the first day of the other reference year.

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**9 (1) The Act is amended by adding the following after section 135:**

#### **Definitions**

**135.1 (1)** The following definitions apply in this section.

***inflationary adjusted year*** means 2018 and every year after that year. (*année inflationniste*)

***reference year*** means a 12-month period that begins on April 1 of a year and ends on March 31 of the following year. (*année de référence*)

#### **Annual adjustments**

(2) Each rate of duty set out in Schedule 6 applicable in respect of a litre of wine is to be adjusted on April 1 of an inflationary adjusted year so that the rate is equal to the greater of

(a) the rate determined by the formula

$$A \times B$$

where

**A** is the rate of duty applicable to the litre on March 31 of the inflationary adjusted year, and

**B** is the amount, rounded to the nearest one-thousandth, or, if the amount is equidistant from two consecutive one-thousandths, rounded to the higher one-thousandth, determined by the formula

$$C/D$$

where

**C** is the Consumer Price Index for the 12-month period ending on September 30 of the particular year preceding the inflationary adjusted year, and

**D** is the Consumer Price Index for the 12-month period ending on September 30 of the year preceding the particular year; and

(b) the rate of duty referred to in the description of A in paragraph (a).



### **Rounding**

**(3)** The adjusted rate determined under subsection (2) is to be rounded to the nearest one-thousandth or, if the adjusted rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

### **Consumer Price Index**

**(4)** In this section, the Consumer Price Index for any 12-month period is the result arrived at by

- (a)** aggregating the Consumer Price Index for Canada, as published by Statistics Canada under the authority of the *Statistics Act*, for each month in that period;
- (b)** dividing the aggregate obtained under paragraph (a) by 12; and
- (c)** rounding the result obtained under paragraph (b) to the nearest one-thousandth or, if the result obtained is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

### **Application of adjusted rate**

**(5)** If duties on wine are imposed in a reference year but become payable in another reference year that begins in an inflationary adjusted year, those duties are determined at the rate of duty as adjusted under subsection (2) on the first day of the other reference year.

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**10 (1) Subparagraphs 216(2)(a)(i) to (iv) of the Act are replaced by the following:**

- (i)** \$0.22 multiplied by the number of cigarettes to which the offence relates,
- (ii)** \$0.22 multiplied by the number of tobacco sticks to which the offence relates,
- (iii)** \$0.27 multiplied by the number of grams of manufactured tobacco other than cigarettes or tobacco sticks to which the offence relates, and
- (iv)** \$0.42 multiplied by the number of cigars to which the offence relates, and

**(2) Subparagraphs 216(3)(a)(iii) and (iv) of the Act are replaced by the following:**

- (iii)** \$0.40 multiplied by the number of grams of manufactured tobacco other than cigarettes or tobacco sticks to which the offence relates, and
- (iv)** \$0.84 multiplied by the number of cigars to which the offence relates, and

**11 (1) Subparagraphs 217(2)(a)(i) and (ii) of the Act are replaced by the following:**

- (i)** \$11.930 multiplied by the number of litres of absolute ethyl alcohol in the spirits to which the offence relates,
- (ii)** \$0.63 multiplied by the number of litres of wine to which the offence relates, and

**(2) Subparagraphs 217(2)(a)(i) and (ii) of the Act, as enacted by subsection (1), are replaced by the following:**

- (i)** the number of litres of absolute ethyl alcohol in the spirits to which the offence relates multiplied by the rate of duty per litre of absolute ethyl alcohol applicable under section 1 of Schedule 4 at the time the offence was committed,
- (ii)** the number of litres of wine to which the offence relates multiplied by the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed, and

**(3) Subparagraphs 217(3)(a)(i) and (ii) of the Act are replaced by the following:**

- (i) \$23.860 multiplied by the number of litres of absolute ethyl alcohol in the spirits to which the offence relates,
- (ii) \$1.26 multiplied by the number of litres of wine to which the offence relates, and

**(4) Subparagraphs 217(3)(a)(i) and (ii) of the Act, as enacted by subsection (3), are replaced by the following:**

- (i) the number of litres of absolute ethyl alcohol in the spirits to which the offence relates multiplied by 200% of the rate of duty per litre of absolute ethyl alcohol applicable under section 1 of Schedule 4 at the time the offence was committed,
- (ii) the number of litres of wine to which the offence relates multiplied by 200% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed, and

**(5) Subsections (2) and (4) come into force on April 1, 2018.**

**12 (1) Subparagraphs 218(2)(a)(i) and (ii) of the Act are replaced by the following:**

- (i) \$23.860 multiplied by the number of litres of absolute ethyl alcohol in the spirits to which the offence relates, and
- (ii) \$1.26 multiplied by the number of litres of wine to which the offence relates, and

**(2) Subparagraphs 218(2)(a)(i) and (ii) of the Act, as enacted by subsection (1), are replaced by the following:**

- (i) the number of litres of absolute ethyl alcohol in the spirits to which the offence relates multiplied by 200% of the rate of duty per litre of absolute ethyl alcohol applicable under section 1 of Schedule 4 at the time the offence was committed,
- (ii) the number of litres of wine to which the offence relates multiplied by 200% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed, and

**(3) Subparagraphs 218(3)(a)(i) and (ii) of the Act are replaced by the following:**

- (i) \$35.790 multiplied by the number of litres of absolute ethyl alcohol in the spirits to which the offence relates, and
- (ii) \$1.89 multiplied by the number of litres of wine to which the offence relates, and

**(4) Subparagraphs 218(3)(a)(i) and (ii) of the Act, as enacted by subsection (3), are replaced by the following:**

- (i) the number of litres of absolute ethyl alcohol in the spirits to which the offence relates multiplied by 300% of the rate of duty per litre of absolute ethyl alcohol applicable under section 1 of Schedule 4 at the time the offence was committed,
- (ii) the number of litres of wine to which the offence relates multiplied by 300% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed, and

**(5) Subsections (2) and (4) come into force on April 1, 2018.**

**13 Paragraphs 240(a) to (c) of the Act are replaced by the following:**

- (a) \$0.41 per cigarette that was removed in contravention of that subsection,
- (b) \$0.41 per tobacco stick that was removed in contravention of that subsection, and

(c) \$508.81 per kilogram of manufactured tobacco, other than cigarettes and tobacco sticks, that was removed in contravention of that subsection.

**14 (1) Section 242 of the Act is replaced by the following:**

**Contravention of section 72**

**242** Every person who contravenes section 72 is liable to a penalty equal to \$1.26 per litre of wine to which the contravention relates.

**(2) Section 242 of the Act, as enacted by subsection (1), is replaced by the following:**

**Contravention of section 72**

**242** Every person who contravenes section 72 is liable to a penalty equal to the number of litres of wine to which the contravention relates multiplied by 200% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed.

**(3) Subsection (2) comes into force on April 1, 2018.**

**15 (1) Paragraph 243(1)(b) of the Act is replaced by the following:**

(b) if the contravention relates to wine, \$1.26 per litre of that wine.

**(2) Paragraph 243(1)(b) of the Act, as enacted by subsection (1), is replaced by the following:**

(b) if the contravention relates to wine, the number of litres of that wine multiplied by 200% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed.

**(3) Paragraph 243(2)(b) of the Act is replaced by the following:**

(b) if the contravention relates to wine, \$0.63 per litre of that wine.

**(4) Paragraph 243(2)(b) of the Act, as enacted by subsection (3), is replaced by the following:**

(b) if the contravention relates to wine, the number of litres of that wine multiplied by the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed.

**(5) Subsections (2) and (4) come into force on April 1, 2018.**

**16 (1) Paragraph 243.1(b) of the Act is replaced by the following:**

(b) if the contravention relates to wine, \$0.63 per litre of that wine.

**(2) Paragraph 243.1(b) of the Act, as enacted by subsection (1), is replaced by the following:**

(b) if the contravention relates to wine, the number of litres of that wine multiplied by the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 at the time the offence was committed.

**(3) Subsection (2) comes into force on April 1, 2018.**

**17 (1) Paragraph 1(a) of Schedule 1 to the Act is replaced by the following:**

(a) \$0.53900; or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**18 (1) Paragraph 2(a) of Schedule 1 to the Act is replaced by the following:**

(a) \$0.10780; or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**19 (1) Paragraph 3(a) of Schedule 1 to the Act is replaced by the following:**

**(a)** \$6.73750; or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**20 (1) Paragraph 4(a) of Schedule 1 to the Act is replaced by the following:**

**(a)** \$23.46235; or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**21 (1) Subparagraph (a)(i) of Schedule 2 to the Act is replaced by the following:**

**(i)** \$0.08434, or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**22 (1) Subparagraph (b)(i) of Schedule 2 to the Act is replaced by the following:**

**(i)** if the rate referred to in subparagraph (a)(i) has not been adjusted under subsection 43.1(2), 84%, or

**(2) Subsection (1) is deemed to have come into force on the day after Budget Day.**

**23 (1) Schedule 4 to the Act is replaced by the following:**

#### **SCHEDULE 4**

(Sections 122, 123 and 123.1)

### **Rates of Duty on Spirits**

**1** Spirits: per litre of absolute ethyl alcohol contained in the spirits,

**(a)** \$11.930; or

**(b)** if the rate referred to in paragraph (a) has been adjusted under subsection 123.1(2), the adjusted rate.

**2** Spirits containing not more than 7% absolute ethyl alcohol by volume: per litre,

**(a)** \$0.301; or

**(b)** if the rate referred to in paragraph (a) has been adjusted under subsection 123.1(2), the adjusted rate.

**(2) Schedule 4 to the Act, as enacted by subsection (1), is amended by replacing the references after the heading “SCHEDULE 4” with the following:**

(Sections 122, 123 and 123.1 and subparagraphs 217(2)(a)(i) and (3)(a)(i) and 218(2)(a)(i) and (3)(a)(i))

**(3) Subsection (1) applies in respect of duties that become payable at a time that is after Budget Day.**

**(4) Subsection (2) comes into force on April 1, 2018.**

**24 (1) Schedule 6 to the Act is replaced by the following:**

#### **SCHEDULE 6**

(Sections 134, 135 and 135.1)

### **Rates of Duty on Wine**

Wine:

- (a) in the case of wine that contains not more than 1.2% of absolute ethyl alcohol by volume, per litre;
  - (i) \$0.0209, or
  - (ii) if the rate referred to in subparagraph (i) has been adjusted under subsection 135.1(2), the adjusted rate, and
- (b) in the case of wine that contains more than 1.2% of absolute ethyl alcohol by volume but not more than 7% of absolute ethyl alcohol by volume, per litre;
  - (i) \$0.301, or
  - (ii) if the rate referred to in subparagraph (i) has been adjusted under subsection 135.1(2), the adjusted rate, and
- (c) in the case of wine that contains more than 7% of absolute ethyl alcohol by volume, per litre;
  - (i) \$0.63, or
  - (ii) if the rate referred to in subparagraph (i) has been adjusted under subsection 135.1(2), the adjusted rate.

**(2) Schedule 6 to the Act, as enacted by subsection (1), is amended by replacing the references after the heading “SCHEDULE 6” with the following:**

(Sections 134, 135, 135.1, subparagraphs 217(2)(a)(ii) and (3)(a)(ii) and 218(2)(a)(ii), and (3)(a)(ii), section 242 and paragraphs 243(1)(b) and (2)(b) and 243.1(b))

**(3) Subsection (1) applies in respect of duties that become payable at a time that is after Budget Day.**

**(4) Subsection (2) comes into force on April 1, 2018.**

Application of Interest

**25 For the purposes of applying the provisions of the *Customs Act* and the *Excise Act* that provide for the payment of, or the liability to pay, interest in respect of any amount, the amount is to be determined and interest is to be computed on it as though sections 3 and 17 to 22 and subsections 23(1) and 24(1) had been assented to on the day after Budget Day.**